

BORGWARNER

Supplier Code of Conduct

The BorgWarner Beliefs serve as a guide for our employees on the way we conduct our business—with our customers, our employees, our Suppliers, and our communities. These beliefs, which also serve as a framework for the standards of business conduct, we expect of any Supplier that does business with us. Further, these commitments follow applicable Supply Chain Due Diligence laws. Compliance with these standards is mandatory under our purchase contracts worldwide and also apply to subcontractors, especially protecting human rights and preventing or minimizing environment related risks at all times in our supply chain. We expect Suppliers to have similar expectations described in this Supplier Code of Conduct to their own Suppliers. The Supplier's shipping location is encouraged to complete the AIAG Supply-Chain Sustainability eLearning. This training is free of charge and can be accessed at the following link: <https://www.aiag.org/store/training/details?CourseCode=ELSCS>

Inclusion. Respecting individuals

BorgWarner operates in a climate of respect, courtesy, and impartiality. The same fairness and impartiality should be extended to all legitimate Suppliers who wish to compete for BorgWarner business. We expect open, honest, and timely communication. BorgWarner Suppliers should encourage a positive, diverse, and equitable workplace by not tolerating harassment or discrimination, including that involving national and ethnic origin, race, color, social origin, health status, sexual orientation, religion, gender, age, political opinion, or disability.

Basic Working Conditions Guiding Principles

BorgWarner expects its Suppliers and Sub Suppliers to develop policies and practices for all of its facilities worldwide, to provide working conditions that are appropriate under applicable law and that support and uphold the BorgWarner Beliefs. We also expect suppliers to adhere to the International Labour Organizations' (ILO) Declaration on Fundamental Principles and Rights at Work and the UN Guiding Principles on Business and Human Rights.

- **Use of Child Labor is Prohibited** - Prohibits Suppliers from employing any person below the age of 15 except as part of a government sponsored training or apprenticeship program.
- **Forced Labor and Corporal Punishment is Prohibited** - Prohibits Suppliers from using forced labor in any form and further prohibits physically abusive practices, including corporal punishment or the threat of corporal punishment.
- **Freedom of Association** - Expects that Suppliers respect the rights of workers to establish and join an organization of their own selection and their rights to collective bargaining, in accordance with local laws. Workers must not be penalized or subjected to harassment or intimidation for exercising any legally protected right to join or not join such legal organizations. Encourages open communication between management and employees regarding working conditions without fear of retaliation, intimidation, or harassment.
- **Compensation** - Expects that Suppliers' employees will receive compensation and benefits that are competitive and consistent with applicable laws regarding minimum wages, overtime hours, and legally mandated benefits. The compensation paid to Suppliers' employees should constitute at least a minimum of a fair and living wage.

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- **Ethical Recruitment** - It is our expectation that our Suppliers hire workers lawfully, in a fair and transparent manner that respects human rights. Suppliers should not mislead or defraud potential workers about the nature of the work, ask workers to pay recruitment fees, or confiscate, destroy, conceal, or deny access to worker passports and other government-issued identity documents. Workers should receive a written offer in a language well understood by the worker, stating in a truthful, clear manner their rights and responsibilities.
- **Working Hours** - Expects Suppliers to comply with applicable laws regulating hours of work.
- **Equal Employment** - Expects Suppliers to have written policies promoting equal employment opportunities and formal, independent practices for responding to any complaints.
- **Health and Safety** - Expects Suppliers to promote safe and healthy work environments for all employees in all types of workspaces and expects commitment to continually improving the same. Suppliers should also provide proper Personal Protective Equipment (PPE) when applicable and have an emergency preparedness and response plan. Hazard and risk analysis systems should be implemented to minimize the potential for incidents or accidents. If Suppliers provide their workers with residential facilities, they must provide clean and safe accommodations. Suppliers should also properly manage the health and safety of contractors as part of a company's extended supply chain.
- **Use of Private or Public Security Forces** - Suppliers must not commission or use private or public security forces to protect the business if, due to a lack of training or control on the part of the company, the deployment of the security forces may lead to violations of human rights.
- **Women's Rights** - Gender inequality underpins problems such as unequal opportunity in employment and unequal pay for equal work. BorgWarner expects its Suppliers to provide equal opportunity in employment and commit to equal pay for equal work.

Integrity. Honoring truth

We at BorgWarner demand uncompromising ethical standards in all we do and say—we expect our Suppliers to do the same. Our policies prohibit the acceptance of gifts, services, or anything of such value that the good judgment of the recipient might be influenced, or that a third party might reasonably perceive as influencing that judgment. Payments of money, property, or services for the purpose of obtaining business or special consideration are prohibited. If a BorgWarner employee solicits a gift or entertainment opportunity from a Supplier for their personal use, the request is to be declined. We discourage our employees from purchasing goods or services from BorgWarner Suppliers for their personal use, even though paid for by the employee.

- BorgWarner recognizes that in some cultures, business gifts and business entertainment are considered an important part of the development of business relationships. Any gift or entertainment must be evaluated to ensure it is in the best interest of BorgWarner, consistent with BorgWarner policies and the law, and in accordance with local custom.
- No listing of ethical guidelines can be considered complete. It is incumbent upon those affected by this policy to avoid the misconception that if it is legal, it is ethical. Appropriate conduct must reflect good judgment, fairness, and high standards.

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Anti-Bribery (US Foreign Corrupt Practices Act and UK Anti-Bribery Act of 2010)

BorgWarner expects all Suppliers (direct material, indirect material, and services) to comply with all laws and regulations applicable to its business, at all governmental levels worldwide. The use of corporate funds, property, or other resources for any unlawful or improper purpose is prohibited. Anti-corruption laws require that companies meet prescribed accounting and internal control standards and impose severe penalties on both companies and individuals for certain types of payments and practices.

BorgWarner Employees and our Suppliers may not give, promise, or authorize any payments, either directly or indirectly to government officials in any country.

Anti-Bribery Due Diligence

All Suppliers (direct material, indirect material, and service provider companies or individuals) who will have contact with government officials on BorgWarner's behalf are required to complete an Anti-Bribery Due Diligence Questionnaire (preferably prior to award of business). The questionnaire is available in the Supplier section of the BorgWarner, Inc. web page [Suppliers - BorgWarner](#) or in the GSM Suppliers Site document section in ExtralCE.

Conflicts of Interest

Conflict of interest occurs when an individual or a corporation (either private or governmental) is in a position to exploit his/her or their own professional or official capacity in some way for personal or corporate benefit. BorgWarner expects Suppliers to ensure that their employees avoid and disclose situations where there is any perceived or actual conflict of interests and that decisions be based on solid business judgment unclouded by favoritism resulting from personal relations and opinions.

Anticorruption and Anti-money Laundering

BorgWarner does not tolerate bribery, corruption, or money laundering under any circumstances. Bribery involves offering, giving, receiving, or requesting something of value to improperly influence a business decision and can take many forms, including money, gift cards, travel, employment (including internships), entertainment, and charitable contributions. Giving bribes to anyone, including government employees or officials, directly or through a third party, is prohibited. BorgWarner also prohibits facilitation payments, which are small payments intended to expedite a non-discretionary, routine government process or service (such as obtaining a visa or clearing goods through customs). BorgWarner, its employees, and Suppliers are subject to local anti-bribery, anti-corruption, and anti-money laundering laws. If you suspect a bribe or other improper payment has been made, contact the BorgWarner Compliance Office immediately.

Fair Competition and Anti-Trust

BorgWarner expects its Suppliers to uphold fair competition and anti-trust standards including, but not limited to, avoiding business practices that unlawfully restrain competition; improper exchange of competitive information; and price fixing, bid rigging, or improper market allocation. An effective

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compliance policy and strategy enables a company to minimize the risk of involvement in competition law infringements, and the costs resulting from anti-competitive behavior.

Financial Responsibility (Accurate Records) & Disclosure of Information

BorgWarner expects that Suppliers perform their business dealings in a transparent manner and accurately reflect them in the companies' financial reports and filings. Financial responsibility refers to a company's responsibility to accurately record, maintain, and report business documentation including, but not limited to, financial accounts, quality reports, time records, expense reports, and submissions to customers or regulatory authorities, when appropriate. Books and records are expected to be maintained in accordance with applicable law and generally accepted accounting principles. BorgWarner expects its Suppliers to disclose financial and non-financial information in accordance with applicable regulations and prevailing industry practices.

Excellence. Focusing On Results

BorgWarner seeks to be a leader—in serving our Customers, advancing our technologies, and rewarding all who invest in us. To extend our competitive position, we expect our Suppliers to relentlessly improve their own performance and to bring urgency to every business challenge and opportunity.

Data Protection and Data Security

BorgWarner expects its Suppliers to implement robust data privacy and security standards that protect an individual's personal data, regardless of whether they are employees, customers, Suppliers, or job applicants. Suppliers should respect the privacy and civil liberties in respect of the collection, retention, use or dissemination, as well as any other processing of personal data.

Intellectual Property

"Intellectual Property" includes inventions, patents, trade secrets, "know-how", trademarks, logos, and copyrights. Suppliers should use commercially reasonable practices to avoid the unjustified transfer of confidential technology and know-how (e.g., copyright, trademark, design, patent) and must be diligent to identify, protect, and defend our Intellectual Property as well as the Intellectual Property of our (OEM) customers and sub-Suppliers.

Counterfeit Parts

BorgWarner expects its Suppliers to develop, implement, and maintain methods and processes appropriate to their products and services to minimize the risk of introducing counterfeit and materials into deliverable products and adhere to relevant technical regulations in the product design process.

Export Controls and Economic Sanctions

Suppliers must comply with all applicable laws and regulations governing the conduct of international trade, including sanctions, export controls, boycotts, and customs. Suppliers should have appropriate policies and procedures to ensure compliance with applicable export controls and economic sanctions laws and regulations of all relevant countries. If the Supplier is involved in the sale, marketing,

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distribution, or transportation of products or services, or the transfer of technology across international borders, the Supplier must verify that the transactions do not involve restricted individuals, companies, countries, or regions, and that the products do not require an export license or other authorization.

Responsibility. Our Commitment

We are committed to good corporate citizenship. We expect our Suppliers to abide by all applicable employment, environmental, health, and safety laws and regulations. We will not allow the use of any forced, involuntary or child labor by Suppliers who provide goods or services to us. We commit ourselves to prevent and minimize any risk to human rights or environment in our business areas and in our supply chain.

Rights of Minorities and Indigenous Peoples

BorgWarner expects that its Suppliers respect the rights of local communities to decent living conditions; education, employment, social activities; and the right to Free, Prior, and Informed Consent (FPIC) to developments that affect them and the lands on which they live, with particular consideration for the presence of vulnerable groups.

Land, Forest, and Water Rights and Forced Eviction

We expect that Suppliers avoid forced eviction and the deprivation of land, forests, and waters in the acquisition, development or other use of land, forests, and water.

Environmentally Responsible Products and Processes

BorgWarner expects its Suppliers to responsibly protect the environment for the benefit of society and future generations. Suppliers should strive to conserve, recycle, and reuse resources efficiently, using responsible and sustainable environmental practices, including but not limited to energy and emissions reduction initiatives, monitoring and reporting. Suppliers should minimize water consumption, effectively reuse, and recycle water with responsible treatment of wastewater discharges and prevent potential impacts from flooding as a consequence of rainwater run-off, as required by and in accordance with applicable law.

To assure that our products and processes will provide the maximum benefit and least damage to the environment, we expect BorgWarner Suppliers to:

- Develop and offer products that help contribute to improved fuel efficiency and reduced emissions.
- Evaluate and minimize the complete-life cycle environmental impact of your products and processes.
- Minimize waste generation.
- Lead in the conversion to environmentally friendly materials including the use of recycled and recyclable materials.
- Maximize the efficient use of resources such as water.

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- Obtain energy from renewable sources and/or lower impact resources wherever practical to reduce greenhouse gasses and strive for decarbonization.
- Protect ecosystems, especially key biodiversity areas, impacted by their operations, and avoid deforestation in accordance with international biodiversity regulations.
- Monitor and control the impact of their operations on soil erosion, nutrient degradation, subsidence and contamination to preserve soil quality.
- Minimize noise emissions from industrial processes to reduce disturbance of the surrounding community and environment.
- Not disturb animal welfare, respecting the five animal freedoms formalized by the World Organization for Animal Health (OIE).
- Strive for environmental leadership in regions in which you operate and fulfill the environment-related obligations set out in the Supply Chain Due Diligence laws.

Air Quality

Suppliers should routinely monitor and disclose, appropriately control, minimize, and to the extent possible, eliminate emissions contributing to air pollution, as required by and in accordance with applicable law. Suppliers should assess cumulative impacts of pollution sources at their facilities and mitigate their pollution levels accordingly.

Responsible Chemical Management

Suppliers should identify, minimize, or eliminate the use of restricted substances in manufacturing processes and finished products to ensure regulatory compliance. Suppliers should also be aware of any use of restricted substances in processes and finished products, and actively investigate suitable substitutes to maintain product and environmental stewardship.

Responsible Sourcing of Raw Materials and Minerals

Our suppliers should have a management system and be committed to responsibly source raw materials and minerals used in their products promoting supply chain traceability and transparency.

Collaboration. Building Trust

Successful business relationships are the result of mutual goals and values. We encourage differentiating technologies that challenge the status quo and help support BorgWarner's product leadership model. We view every Supplier relationship as an opportunity to extend our enterprise and grow our business. Information given to us must be accurate, and when requested, will be treated as confidential information so designated.

Adherence

We expect your cooperation in ensuring adherence to our Supplier Code of Conduct. We expect Suppliers throughout our entire supply chain to adopt and enforce policies in accordance with those stated above. BorgWarner seeks to identify and do business with organizations that conduct their businesses to these standards.

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BorgWarner personnel are expected to report any known or reported violations of this code to their respective Vice President without fear of retaliation.

If you or anyone in your company believes that a BorgWarner employee or other Supplier has violated this policy, please contact the BorgWarner Compliance Office by phone at +1 248.754.0656, or e-mail to Complianceoffice@BorgWarner.com. You may also report to an independent party by calling 1-800-461-9330 in the United States or from outside the United States, go to <http://www.convercent.com/report> to find your country's toll-free number, or call collect to +1-720-514-4400 using the appropriate country code specific to your location and where you are dialing, or at compliancehotline.borgwarner.com.

Due Diligence in Supply Chains (Supply Chain Laws)

In accordance with the applicable Supply Chain Due Diligence laws, BorgWarner obliges all Suppliers in its direct supply chain to fulfill human rights and environment related due diligence obligations in order to prevent and minimize any risks to human rights and environment-related risks or to end those in case of a violation. The direct Suppliers are responsible that their sub-Suppliers act in compliance with the requirements of the Supply Chain Due Diligence laws.

BorgWarner has implemented a risk management system in which regular risk analysis are conducted to identify possible adverse effects on human rights and environment related topics in its own area of business as well as towards its Suppliers for direct material and indirect material and other vendors. In case a risk is identified, preventive measures and remedial action will take place.

Suppliers based on a defined risk category are required to complete a Self-Assessment Questionnaire. The questionnaire will be provided by BorgWarner. Further information involving the Supply Chain Due Diligence laws can be found on [Suppliers - BorgWarner](#).